

CITY OF PRATT, KANSAS

Financial Statements With Independent Auditors' Report

For the Year Ended December 31, 2011

CITY OF PRATT, KANSAS
Financial Statements With Independent Auditors' Report
For the Year Ended December 31, 2011

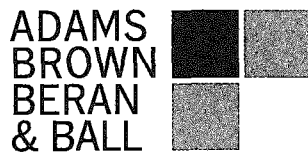
TABLE OF CONTENTS

Independent Auditors' Report	1
Statement 1 - Summary of Cash Receipts, Expenditures, and Unencumbered Cash	2
Statement 2 - Summary of Expenditures - Actual and Budget	4
Statement 3 - Statement of Cash Receipts and Expenditures - Actual and Budget Individually Presented by Fund	
Governmental Fund Categories	
General Fund	
3-1 General Fund	5
Special Revenue Funds	
3-2 Library Fund	7
3-3 Cemetery Fund	8
3-4 Noxious Weed Fund	9
3-5 Tort Liability Fund	10
3-6 Special Highway Fund	11
3-7 Convention and Tourism Fund	12
3-8 Alcohol and Drug Safety Fund	13
3-9 Fire Fighting Equipment Fund	14
3-10 Special Police Fund	15
3-11 Employees Health Insurance Fund	16
3-12 Special Parks and Recreation Fund	17
3-13 Special Alcohol Fund	18
3-14 Capital Equipment Reserve Fund	19
3-15 Special Street Reserves Fund	20
3-16 Capital Improvement Fund	21
3-17 Fire Fighting Equipment Reserve Fund	22
Debt Service Fund	
3-18 Bond and Interest Fund	23
Capital Project Funds	
3-19 Main Street Waterline Project Fund	24
3-20 Wastewater Project Fund	25
Proprietary Fund Category	
Enterprise Funds	
3-21 Electric Utility Fund	26
3-22 Sanitation Fund	27
3-23 Wastewater Treatment Fund	28
3-24 Water Utility Fund	29
3-25 Electric Maintenance Reserve Fund	30
3-26 Electric Debt Service Fund	31

CITY OF PRATT, KANSAS
Financial Statements With Independent Auditors' Report
For the Year Ended December 31, 2011

TABLE OF CONTENTS (continued)

3-27 Wastewater Reserve Fund	32
3-28 Water Debt Service Fund	33
3-29 Water Reserve Fund	34
3-30 Water Debt Reserve Fund	35
 Fiduciary Fund Category	
Private Purpose Trust Funds	
3-31 Park Improvement Trust Fund	36
3-32 Cemetery Trust Fund	37
3-33 Recreation Trust Fund	38
 Statement 4 - Summary of Cash Receipts and Cash Disbursements	
Agency Funds	39
 Notes to Financial Statements	 40



Phone (620)792-2428 ■ Fax (620)792-5559 ■ www.abbb.com

Bank of America Building ■ 2006 Broadway, Suite 2A

P.O. Drawer J ■ Great Bend, Kansas 67530

Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Commissioners
City of Pratt, Kansas
Pratt, Kansas

We have audited the accompanying financial statements of **City of Pratt, Kansas**, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of **City of Pratt, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1, **City of Pratt, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **City of Pratt, Kansas**, as of December 31, 2011, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **City of Pratt, Kansas**, as of December 31, 2011, and their respective cash receipts and disbursements and budgetary results for the year then ended, on the basis of accounting described in Note 1.

Adams, Brown, Beran & Ball, Chtd.

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

June 18, 2012

CITY OF PRATT, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Categories							
General Fund							
General	\$ 1,852,104	-	4,265,862	5,039,319	1,078,647	99,518	1,178,165
Special Revenue Funds							
Library Fund	10,575	-	127,747	127,767	10,555	-	10,555
Cemetery Fund	57	-	45,121	27,828	17,350	2,624	19,974
Noxious Weed Fund	11,368	-	18,239	9,387	20,220	-	20,220
Tort Liability Fund	709,973	-	33,859	5,000	738,832	-	738,832
Special Highway Fund	12,393	-	562,934	524,877	50,450	18,087	68,537
Convention and Tourism Fund	582,511	-	299,889	250,854	631,546	47,083	678,629
Alcohol and Drug Safety Fund	7,919	-	-	6,425	1,494	-	1,494
Fire Fighting Equipment Fund	2,008	-	42,880	43,911	977	-	977
Special Police Fund	325,656	-	8,735	51,350	283,041	21,262	304,303
Employees Health Insurance Fund	6,401	-	5,726	5,974	6,153	-	6,153
Special Parks and Recreation Fund	100,135	-	14,462	2,016	112,581	-	112,581
Special Alcohol Fund	4,188	-	13,291	13,420	4,059	-	4,059
Capital Equipment Reserve Fund	3,205,417	-	924,137	551,325	3,578,229	295,550	3,873,779
Special Street Reserves Fund	1,090,176	-	258,352	491,856	856,672	-	856,672
Capital Improvement Fund	1,124,141	-	427,861	157,030	1,394,972	123,972	1,518,944
Fire Fighting Equipment Reserve Fund	13,794	-	42,030	27,110	28,714	-	28,714
Debt Service Fund							
Bond and Interest Fund	46,208	-	413,799	444,368	15,639	-	15,639
Capital Project Funds							
Main Street Waterline Project Fund	-	-	253,634	253,634	-	-	-
Wastewater Project Fund	-	-	82,698	65,377	17,321	-	17,321
Proprietary Fund Category							
Enterprise Funds							
Electric Utility Fund	3,641,375	-	9,523,514	11,327,593	1,837,296	458,445	2,295,741
Sanitation Fund	402,299	-	864,065	1,022,509	243,855	49,795	293,650
Wastewater Treatment Fund	657,942	-	744,458	700,019	702,381	11,478	713,859
Water Utility Fund	377,714	-	960,761	942,955	395,520	31,438	426,958
Electric Maintenance Reserve Fund	338,056	-	53,642	-	391,698	-	391,698
Electric Debt Service Fund	229,696	-	1,121,665	1,119,563	231,798	-	231,798
Wastewater Reserve Fund	410,397	-	4,479	-	414,876	-	414,876
Water Debt Service Fund	53,687	-	165,369	164,835	54,221	-	54,221
Water Reserve Fund	162,539	-	1,653	-	164,192	-	164,192
Water Debt Reserve Fund	\$ 251,609	-	2,559	-	254,168	-	254,168

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Fiduciary Fund Category							
Private Purpose Trust Funds							
Park Improvement Trust Fund	\$ 131,822	-	1,341	-	133,163	-	133,163
Cemetery Trust Fund	395,298	-	4,985	699	399,584	-	399,584
Recreation Trust Fund	196,337	-	34,788	39,464	191,661	9,619	201,280
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 16,353,795</u>	<u>-</u>	<u>21,324,535</u>	<u>23,416,465</u>	<u>14,261,865</u>	<u>1,168,871</u>	<u>15,430,736</u>
Composition of Cash				Certificates of Deposit		\$ 9,801,800	
				Checking Accounts		5,723,099	
				Petty Cash		1,150	
				Total Cash		15,526,049	
				Agency Funds per Statement 4		(95,313)	
				Total Reporting Entity (Excluding Agency Funds)		<u>\$ 15,430,736</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended December 31, 2011

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Fund Categories					
General Fund					
General	\$ 5,305,961	-	5,305,961	5,039,319	(266,642)
Special Revenue Funds					
Library Fund	130,772	-	130,772	127,767	(3,005)
Cemetery Fund	30,000	-	30,000	27,828	(2,172)
Noxious Weed Fund	22,894	-	22,894	9,387	(13,507)
Tort Liability Fund	450,575	-	450,575	5,000	(445,575)
Special Highway Fund	525,386	-	525,386	524,877	(509)
Convention and Tourism Fund	422,276	-	422,276	250,854	(171,422)
Alcohol and Drug Safety Fund	6,425	-	6,425	6,425	-
Fire Fighting Equipment Fund	43,924	-	43,924	43,911	(13)
Special Police Fund	51,500	-	51,500	51,350	(150)
Employees Health Insurance Fund	5,890	5,726	11,616	5,974	(5,642)
Special Parks and Recreation Fund	40,000	-	40,000	2,016	(37,984)
Special Alcohol Fund	13,420	-	13,420	13,420	-
Debt Service Fund					
Bond and Interest Fund	444,573	-	444,573	444,368	(205)
Proprietary Fund Category					
Enterprise Funds					
Electric Utility Fund	11,303,114	26,063	11,329,177	11,327,593	(1,584)
Sanitation Fund	1,081,842	-	1,081,842	1,022,509	(59,333)
Wastewater Treatment Fund	1,131,647	-	1,131,647	700,019	(431,628)
Water Utility Fund	1,051,466	-	1,051,466	942,955	(108,511)
Electric Debt Service Fund	1,119,563	-	1,119,563	1,119,563	-
Water Debt Service Fund	164,835	-	164,835	164,835	-

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance- Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 1,121,114	1,099,815	1,142,267	(42,452)
Delinquent	16,099	11,695	-	11,695
Motor Vehicle	172,383	162,107	168,798	(6,691)
Sales Tax	1,391,432	1,501,554	1,440,000	61,554
Intergovernmental				
Local Alcohol Liquor	13,755	13,266	13,420	(154)
Connecting Links	38,658	38,658	38,600	58
Motor Fuel Tax Refund	19,240	14,254	12,000	2,254
Franchise Fees	282,008	285,134	295,000	(9,866)
Licenses, Fees and Permits	29,815	26,521	21,000	5,521
Charges for Services	129,752	137,417	124,800	12,617
Donations	7,526	9,759	-	9,759
Municipal Court Fines and Fees	107,191	165,940	98,900	67,040
Reimbursed Expenses	21,855	20,259	18,000	2,259
Interest Income	29,754	23,598	40,000	(16,402)
Sale of Assets	18,786	558	-	558
Miscellaneous Income	6,018	13,902	-	13,902
Transfers In	962,587	741,425	847,315	(105,890)
Total Cash Receipts	\$ 4,367,973	4,265,862	4,260,100	5,762

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures				
City Commission	\$ 87,234	83,440	102,239	(18,799)
City Manager	193,382	195,829	197,359	(1,530)
City Attorney	52,204	50,336	94,764	(44,428)
City Clerk/Utility Billing	311,222	330,078	311,713	18,365
Finance	224,186	228,644	254,600	(25,956)
Police	1,242,582	1,337,156	1,353,254	(16,098)
Animal Control	46,923	56,803	55,583	1,220
Municipal Court	130,090	152,599	148,250	4,349
Fire Protection	199,784	184,174	190,260	(6,086)
Planning and Inspection	117,759	100,148	138,552	(38,404)
Parks	298,429	328,971	360,369	(31,398)
Swimming Pool	129,694	147,343	162,015	(14,672)
Municipal Building	32,552	33,536	30,500	3,036
Recreation	408,280	445,354	421,674	23,680
Public Works	20,091	27,792	27,800	(8)
Maintenance	160,147	178,353	210,147	(31,794)
Cemetery	118,169	126,581	128,756	(2,175)
Special Streets	313,346	456,484	460,050	(3,566)
Special Police	3,000	10,000	5,000	5,000
Industrial Development	78,859	70,913	140,000	(69,087)
Neighborhood Revitalization Rebate	108,597	87,701	88,076	(375)
Contingencies	21,398	12,084	30,000	(17,916)
Transfers Out	646,000	395,000	395,000	-
Total Expenditures	4,943,928	5,039,319	5,305,961	(266,642)
Cash Receipts Over (Under) Expenditures	(575,955)	(773,457)		
Unencumbered Cash - Beginning	2,427,079	1,852,104		
Prior Year Cancelled Encumbrances	980	-		
Unencumbered Cash - Ending	\$ 1,852,104	1,078,647		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Library Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 113,825	109,633	113,766	(4,133)
Delinquent	1,560	1,211	-	1,211
Motor Vehicle	16,893	16,903	18,006	(1,103)
Total Cash Receipts	<u>132,278</u>	<u>127,747</u>	<u>131,772</u>	<u>(4,025)</u>
Expenditures				
Library Appropriations	120,707	119,028	122,000	(2,972)
Neighborhood Revitalization Rebate	6,379	8,739	8,772	(33)
Total Expenditures	<u>127,086</u>	<u>127,767</u>	<u>130,772</u>	<u>(3,005)</u>
Cash Receipts Over (Under) Expenditures	5,192	(20)		
Unencumbered Cash - Beginning	<u>5,383</u>	<u>10,575</u>		
Unencumbered Cash - Ending	\$ <u>10,575</u>	<u>10,555</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Cemetery Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Donations	\$ 240	-	-	-
Cemetery Services	15,700	27,670	18,000	9,670
Lot Sales	13,670	17,415	12,000	5,415
Reimbursed Expenses	25	-	-	-
Interest Income	-	36	-	36
Total Cash Receipts	<u>29,635</u>	<u>45,121</u>	<u>30,000</u>	<u>15,121</u>
Expenditures				
Personal Services	1,441	-	-	-
Contractual Services	3,418	9,556	7,350	2,206
Commodities	17,321	15,772	15,650	122
Capital Outlay	-	-	4,500	(4,500)
Transfers Out	8,000	2,500	2,500	-
Total Expenditures	<u>30,180</u>	<u>27,828</u>	<u>30,000</u>	<u>(2,172)</u>
Cash Receipts Over (Under) Expenditures	(545)	17,293		
Unencumbered Cash - Beginning	<u>602</u>	<u>57</u>		
Unencumbered Cash - Ending	\$ <u>57</u>	<u>17,350</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS

Noxious Weed Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 21,335	14,949	15,485	(536)
Delinquent	250	206	-	206
Motor Vehicle	2,803	2,893	3,258	(365)
Interest Income	127	191	-	191
Total Cash Receipts	24,515	18,239	18,743	(504)
Expenditures				
Contractual Services	25	25	1,250	(1,225)
Commodities	18,842	8,173	20,450	(12,277)
Neighborhood Revitalization Rebate	2,097	1,189	1,194	(5)
Transfers Out	1,000	-	-	-
Total Expenditures	21,964	9,387	22,894	(13,507)
Cash Receipts Over (Under) Expenditures	2,551	8,852		
Unencumbered Cash - Beginning	8,817	11,368		
Unencumbered Cash - Ending	\$ 11,368	20,220		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Tort Liability Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 7,936	49	-	49
Delinquent	104	81	-	81
Motor Vehicle	1,128	1,128	1,204	(76)
Interest Income	6,442	7,313	5,000	2,313
Miscellaneous Income	24,277	25,288	20,000	5,288
Total Cash Receipts	<u>39,887</u>	<u>33,859</u>	<u>26,204</u>	<u>7,655</u>
Expenditures				
Contractual Services	-	5,000	450,575	(445,575)
Neighborhood Revitalization Rebate	772	-	-	-
Total Expenditures	<u>772</u>	<u>5,000</u>	<u>450,575</u>	<u>(445,575)</u>
Cash Receipts Over (Under) Expenditures	39,115	28,859		
Unencumbered Cash - Beginning	<u>670,858</u>	<u>709,973</u>		
Unencumbered Cash - Ending	\$ <u>709,973</u>	<u>738,832</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Special Highway Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Gasoline Tax	\$ 170,686	171,595	175,820	(4,225)
Sales Tax	359,782	389,755	350,000	39,755
Interest Income	2,502	1,146	3,000	(1,854)
Miscellaneous Income	-	428	-	428
Reimbursed Expenses	238	10	-	10
Total Cash Receipts	<u>533,208</u>	<u>562,934</u>	<u>528,820</u>	<u>34,114</u>
Expenditures				
Personal Services	114,990	2	-	2
Contractual Services	29,001	21,346	34,100	(12,754)
Commodities	150,822	149,196	148,500	696
Capital Outlay	293,185	256,147	244,600	11,547
Principal Payments - KDOT Loans	60,276	62,609	62,609	-
Interest Payments - KDOT Loans	7,399	5,217	5,217	-
Service Fees	511	360	360	-
Transfers Out	32,500	30,000	30,000	-
Total Expenditures	<u>688,684</u>	<u>524,877</u>	<u>525,386</u>	<u>(509)</u>
Cash Receipts Over (Under) Expenditures	(155,476)	38,057		
Unencumbered Cash - Beginning	<u>167,869</u>	<u>12,393</u>		
Unencumbered Cash - Ending	\$ <u>12,393</u>	<u>50,450</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Convention and Tourism Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Transient Guest Tax	\$ 286,100	276,811	275,000	1,811
Reimbursed Expenses	-	16,643	-	16,643
Interest Income	5,751	6,435	5,000	1,435
Total Cash Receipts	<u>291,851</u>	<u>299,889</u>	<u>280,000</u>	<u>19,889</u>
Expenditures				
Personal Services	27,043	27,405	116,251	(88,846)
Contractual Services	109,885	139,154	122,400	16,754
Commodities	7,018	10,599	38,625	(28,026)
Capital Outlay	84,710	73,696	145,000	(71,304)
Total Expenditures	<u>228,656</u>	<u>250,854</u>	<u>422,276</u>	<u>(171,422)</u>
Cash Receipts Over (Under) Expenditures	63,195	49,035		
Unencumbered Cash - Beginning	<u>519,316</u>	<u>582,511</u>		
Unencumbered Cash - Ending	\$ <u><u>582,511</u></u>	<u><u>631,546</u></u>		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Alcohol and Drug Safety Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Interest Income	\$ 67	-	-	-
Expenditures				
Transfers Out	-	6,425	6,425	-
Cash Receipts Over (Under) Expenditures	67	(6,425)		
Unencumbered Cash - Beginning	7,852	7,919		
Unencumbered Cash - Ending	\$ 7,919	1,494		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Fire Fighting Equipment Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 37,942	36,545	37,922	(1,377)
Delinquent	520	404	-	404
Motor Vehicle	5,633	5,635	6,003	(368)
Interest Income	228	296	-	296
Total Cash Receipts	44,323	42,880	43,925	(1,045)
Expenditures				
Neighborhood Revitalization Rebate	2,128	2,911	2,924	(13)
Transfers Out	40,500	41,000	41,000	-
Total Expenditures	42,628	43,911	43,924	(13)
Cash Receipts Over (Under) Expenditures	1,695	(1,031)		
Unencumbered Cash - Beginning	313	2,008		
Unencumbered Cash - Ending	\$ 2,008	977		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Special Police Fund

Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Vehicle Inspection Fees	\$ 5,556	5,336	5,000	336
Motor Vehicle Reports	880	118	1,000	(882)
Interest Income	3,117	3,281	2,000	1,281
Total Cash Receipts	9,553	8,735	8,000	735
Expenditures				
Personal Services	3,946	1,930	1,000	930
Contractual Services	4,570	1,974	2,500	(526)
Commodities	6,518	1,957	5,000	(3,043)
Capital Outlay	7,778	45,489	43,000	2,489
Total Expenditures	22,812	51,350	51,500	(150)
Cash Receipts Over (Under) Expenditures	(13,259)	(42,615)		
Unencumbered Cash - Beginning	338,915	325,656		
Unencumbered Cash - Ending	\$ 325,656	283,041		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Employees Health Insurance Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Reimbursed Expenses	\$ 511	5,726	-	5,726
Expenditures				
Contractual	-	5,974	-	5,974
Transfers Out	312,587	-	5,890	(5,890)
(a) Adjustment for Qualifying Budget Credits	-	-	5,726	(5,726)
Total Expenditures	312,587	5,974	11,616	(5,642)
Cash Receipts Over (Under) Expenditures	(312,076)	(248)		
Unencumbered Cash - Beginning	318,477	6,401		
Unencumbered Cash - Ending	\$ 6,401	6,153		
(a) Adjustment for Qualifying Budget Credits				
Reimbursed Expense Over Amount Budgeted			\$ 5,726	

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Special Parks and Recreation Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Alcohol Liquor Tax	\$ 13,755	13,266	13,420	(154)
Interest Income	1,211	1,196	1,000	196
Total Cash Receipts	14,966	14,462	<u>14,420</u>	<u>42</u>
Expenditures				
Capital Outlay	40,000	2,016	<u>40,000</u>	<u>(37,984)</u>
Cash Receipts Over (Under) Expenditures	(25,034)	12,446		
Unencumbered Cash - Beginning	125,169	100,135		
Unencumbered Cash - Ending	\$ <u>100,135</u>	<u>112,581</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Special Alcohol Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Alcohol Liquor Tax	\$ 13,755	13,266	13,420	(154)
Interest Income	22	25	-	25
Total Cash Receipts	13,777	13,291	<u>13,420</u>	<u>(129)</u>
Expenditures				
Program Distributions	15,549	13,420	<u>13,420</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	(1,772)	(129)		
Unencumbered Cash - Beginning	5,960	4,188		
Unencumbered Cash - Ending	\$ <u>4,188</u>	<u>4,059</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Capital Equipment Reserve Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 31,462	35,457
Reimbursed Expenses	-	7,780
Transfers In	585,900	880,900
Total Cash Receipts	617,362	924,137
Expenditures		
Capital Outlay	710,966	551,325
Cash Receipts Over (Under) Expenditures	(93,604)	372,812
Unencumbered Cash - Beginning	3,299,021	3,205,417
Unencumbered Cash - Ending	\$ 3,205,417	3,578,229

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Special Street Reserves Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 7,989	8,352
Transfers In	500,000	250,000
Total Cash Receipts	507,989	258,352
Expenditures		
Capital Outlay	117,220	491,856
Cash Receipts Over (Under) Expenditures	390,769	(233,504)
Unencumbered Cash - Beginning	699,407	1,090,176
Unencumbered Cash - Ending	\$ 1,090,176	856,672

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Capital Improvement Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 18,646	17,638
KDHE Loan Proceeds	-	247,223
Transfers In	149,000	163,000
Total Cash Receipts	167,646	427,861
Expenditures		
Capital Outlay	738,359	157,030
Cash Receipts Over (Under) Expenditures	(570,713)	270,831
Unencumbered Cash - Beginning	1,378,178	1,124,141
Prior Year Cancelled Encumbrances	316,676	-
Unencumbered Cash - Ending	\$ 1,124,141	1,394,972

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Fire Fighting Equipment Reserve Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 105	138
Reimbursed Expenses	-	892
Transfers In	40,500	41,000
Total Cash Receipts	40,605	42,030
Expenditures		
Capital Outlay	49,178	27,110
Cash Receipts Over (Under) Expenditures	(8,573)	14,920
Unencumbered Cash - Beginning	22,367	13,794
Unencumbered Cash - Ending	\$ 13,794	28,714

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Bond and Interest Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 383,749	309,234	320,632	(11,398)
Delinquent	5,176	4,052	-	4,052
Motor Vehicle	55,094	56,651	60,828	(4,177)
Special Assessments	15,419	16,250	15,000	1,250
Interest Income	2,063	2,212	1,500	712
Miscellaneous Income	2,269	-	-	-
Transfers In	25,525	25,400	25,400	-
Total Cash Receipts	<u>489,295</u>	<u>413,799</u>	<u>423,360</u>	<u>(9,561)</u>
Expenditures				
Principal Payments	350,000	355,000	355,000	-
Interest Payments	73,500	64,750	64,750	-
Commission and Fees	-	-	100	(100)
Neighborhood Revitalization Rebate	21,545	24,618	24,723	(105)
Total Expenditures	<u>445,045</u>	<u>444,368</u>	<u>444,573</u>	<u>(205)</u>
Cash Receipts Over (Under) Expenditures	44,250	(30,569)		
Unencumbered Cash - Beginning	<u>1,958</u>	<u>46,208</u>		
Unencumbered Cash - Ending	\$ <u>46,208</u>	<u>15,639</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Main Street Waterline Project Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Loan Proceeds	\$ 218,133	253,634
Expenditures		
Commodities	102,582	62,216
Capital Outlay	115,551	191,418
Total Expenditures	218,133	253,634
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Wastewater Project Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Loan Proceeds	\$ -	82,698
Expenditures		
Capital Outlay	-	65,377
Cash Receipts Over (Under) Expenditures	-	17,321
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	17,321

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Electric Utility Fund

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Electric Use Charges	\$ 9,175,225	9,436,713	8,960,000	476,713
Sale of Stock Items	-	281	-	281
Service Fees	8,010	6,660	-	6,660
Federal Aid	159,681	26,063	-	26,063
State Aid	21,291	-	-	-
Interest Income	41,828	33,801	50,000	(16,199)
Miscellaneous Income	62,677	19,996	30,000	(10,004)
Reimbursed Expenses	272,193	-	-	-
Total Cash Receipts	<u>9,740,905</u>	<u>9,523,514</u>	<u>9,040,000</u>	<u>483,514</u>
Expenditures				
Management	193,565	195,230	182,256	12,974
Production	6,981,545	7,434,508	7,175,351	259,157
Distribution	1,085,227	1,082,892	1,330,544	(247,652)
Transfers Out	2,136,400	2,614,963	2,614,963	-
(a) Adjustment for Qualifying Budget Credits	-	-	26,063	(26,063)
Total Expenditures	<u>10,396,737</u>	<u>11,327,593</u>	<u>11,329,177</u>	<u>(1,584)</u>
Cash Receipts Over (Under) Expenditures	(655,832)	(1,804,079)		
Unencumbered Cash - Beginning	<u>4,297,207</u>	<u>3,641,375</u>		
Unencumbered Cash - Ending	\$ <u>3,641,375</u>	<u>1,837,296</u>		
(a) Adjustment for Qualifying Budget Credits				
Federal Aid Over Amount Budgeted			\$ <u>26,063</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Sanitation Fund

Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Refuse Charges	\$ 832,764	859,793	837,000	22,793
Interest Income	4,728	3,743	5,000	(1,257)
Miscellaneous Income	3,967	529	-	529
Total Cash Receipts	<u>841,459</u>	<u>864,065</u>	<u>842,000</u>	<u>22,065</u>
Expenditures				
Personal Services	420,763	447,964	466,672	(18,708)
Contractual Services	374,552	374,274	369,920	4,354
Commodities	67,883	79,476	82,750	(3,274)
Capital Outlay	27,938	40,795	82,500	(41,705)
Transfers Out	80,000	80,000	80,000	-
Total Expenditures	<u>971,136</u>	<u>1,022,509</u>	<u>1,081,842</u>	<u>(59,333)</u>
Cash Receipts Over (Under) Expenditures	(129,677)	(158,444)		
Unencumbered Cash - Beginning	<u>531,976</u>	<u>402,299</u>		
Unencumbered Cash - Ending	\$ <u>402,299</u>	<u>243,855</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Wastewater Treatment Fund

Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Sewer Service Charges	\$ 670,503	698,504	697,500	1,004
Storm Water Fees	38,618	38,850	40,000	(1,150)
Interest Income	6,559	5,527	6,500	(973)
Miscellaneous Income	5,837	1,577	-	1,577
Total Cash Receipts	<u>721,517</u>	<u>744,458</u>	<u>744,000</u>	<u>458</u>
Expenditures				
Personal Services	277,787	316,101	296,648	19,453
Contractual Services	52,253	82,355	60,100	22,255
Commodities	110,741	119,830	137,550	(17,720)
Capital Outlay	-	4,893	70,000	(65,107)
Principal Payments	86,079	88,742	88,742	-
Interest Payments	27,346	25,471	24,900	571
Service Fees	2,424	2,272	2,207	65
Sewer Line Maintenance	6,664	10,855	33,500	(22,645)
Contingencies	18,000	6,500	-	6,500
Transfers Out	188,000	43,000	418,000	(375,000)
Total Expenditures	<u>769,294</u>	<u>700,019</u>	<u>1,131,647</u>	<u>(431,628)</u>
Cash Receipts Over (Under) Expenditures	(47,777)	44,439		
Unencumbered Cash - Beginning	<u>705,719</u>	<u>657,942</u>		
Unencumbered Cash - Ending	<u>\$ 657,942</u>	<u>702,381</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Water Utility Fund

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Water Sales	\$ 679,404	744,661	658,000	86,661
Interest Income	3,947	3,783	4,000	(217)
Miscellaneous Income	24,172	8,188	-	8,188
Reimbursed Expenses	172,596	204,129	172,570	31,559
Total Cash Receipts	880,119	960,761	834,570	126,191
Expenditures				
Personal Services	334,831	320,179	365,686	(45,507)
Contractual Services	45,874	46,566	68,900	(22,334)
Commodities	115,361	123,631	117,100	6,531
Capital Outlay	116,136	133,401	180,600	(47,199)
Principal Payments	47,275	82,889	43,352	39,537
Interest Payments	696	13,054	52,593	(39,539)
Transfers Out	229,200	223,235	223,235	-
Total Expenditures	889,373	942,955	1,051,466	(108,511)
Cash Receipts Over (Under) Expenditures	(9,254)	17,806		
Unencumbered Cash - Beginning	386,968	377,714		
Unencumbered Cash - Ending	\$ 377,714	395,520		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Electric Maintenance Reserve Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 2,852	3,642
Transfers In	50,000	50,000
Total Cash Receipts	52,852	53,642
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	52,852	53,642
Unencumbered Cash - Beginning	285,204	338,056
Unencumbered Cash - Ending	\$ 338,056	391,698

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Electric Debt Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Interest Income	\$ 1,879	2,102	-	2,102
Transfers In	1,119,000	1,119,563	1,119,563	-
Total Cash Receipts	1,120,879	1,121,665	1,119,563	2,102
Expenditures				
Principal Payments	785,000	815,000	815,000	-
Interest Payments	334,000	304,563	304,563	-
Total Expenditures	1,119,000	1,119,563	1,119,563	-
Cash Receipts Over (Under) Expenditures	1,879	2,102		
Unencumbered Cash - Beginning	227,817	229,696		
Unencumbered Cash - Ending	\$ 229,696	231,798		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Wastewater Reserve Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 3,384	4,479
Transfers In	75,000	-
Total Cash Receipts	78,384	4,479
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	78,384	4,479
Unencumbered Cash - Beginning	332,013	410,397
Unencumbered Cash - Ending	\$ 410,397	414,876

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Water Debt Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Interest Income	\$ 454	534	-	534
Transfers In	166,675	164,835	164,835	-
Total Cash Receipts	167,129	165,369	164,835	534
Expenditures				
Principal Payments	120,000	125,000	125,000	-
Interest Payments	45,175	39,835	39,835	-
Total Expenditures	165,175	164,835	164,835	-
Cash Receipts Over (Under) Expenditures	1,954	534		
Unencumbered Cash - Beginning	51,733	53,687		
Unencumbered Cash - Ending	\$ 53,687	54,221		

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Water Reserve Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 1,268	1,653
Expenditures		
Capital Outlay	2,200	-
Cash Receipts Over (Under) Expenditures	(932)	1,653
Unencumbered Cash - Beginning	163,471	162,539
Unencumbered Cash - Ending	\$ 162,539	164,192

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Water Debt Reserve Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 2,329	2,559
Expenditures		
Principal Payments	-	-
Cash Receipts Over (Under) Expenditures	2,329	2,559
Unencumbered Cash - Beginning	249,280	251,609
Unencumbered Cash - Ending	\$ 251,609	254,168

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Park Improvement Trust Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ 30	-
Interest Income	1,220	1,341
Total Cash Receipts	1,250	1,341
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	1,250	1,341
Unencumbered Cash - Beginning	130,572	131,822
Unencumbered Cash - Ending	\$ 131,822	133,163

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Cemetery Trust Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ 2,647	940
Interest Income	4,245	4,045
Total Cash Receipts	6,892	4,985
Expenditures		
Commodities	4,182	699
Cash Receipts Over (Under) Expenditures	2,710	4,286
Unencumbered Cash - Beginning	392,588	395,298
Unencumbered Cash - Ending	\$ 395,298	399,584

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Recreation Trust Fund
Statement of Cash Receipts and Expenditures
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ 1,224	4,890
Interest Income	2,182	2,123
Miscellaneous Income	32,120	27,775
Total Cash Receipts	<u>35,526</u>	<u>34,788</u>
Expenditures		
Contractual Services	-	5,026
Commodities	18,572	15,000
Capital Outlay	137,646	19,438
Total Expenditures	<u>156,218</u>	<u>39,464</u>
Cash Receipts Over (Under) Expenditures	(120,692)	(4,676)
Unencumbered Cash - Beginning	<u>317,029</u>	<u>196,337</u>
Unencumbered Cash - Ending	<u>\$ 196,337</u>	<u>191,661</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Agency Funds
Summary of Cash Receipts and Cash Disbursements
For the Year Ended December 31, 2011

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Agency Funds				
Sales Tax	\$ 75	293,808	293,030	853
Customer Deposits	94,270	55,365	55,175	94,460
Total Agency Funds	<u>\$ 94,345</u>	<u>349,173</u>	<u>348,205</u>	<u>95,313</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PRATT, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Pratt, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Reporting Entity

The City is a municipal corporation governed by an elected five-member commission. The financial statements of the City consist of all the funds of the City that are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The City has no component units.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the City for the year ended December 31, 2011.

Governmental Fund Categories

General Fund – to account for all financial resources except those required to be reported in another fund.

Special Revenue Funds – to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.

Debt Service Fund – to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Project Funds – to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Fund Category

Enterprise Funds – to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs of providing goods or services to

CITY OF PRATT, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Categories

Private Purpose Trust Funds – to account for assets held by the City as trustee or agent for others. The principal and income of these funds may be expended in the course of the fund's designated operations.

Agency Funds – to account for assets held by the City as trustee or agent for others.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the statutory basis of accounting.

Departure From Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

CITY OF PRATT, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds, and the following special revenue funds: Capital Equipment Reserve Fund, Capital Improvement Fund, Fire Fighting Equipment Reserve Fund, and Special Street Reserves Fund.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Deposits and Investments

The City follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

CITY OF PRATT, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K.S.A. 12-1675 limits the City's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not use "peak periods". All deposits were legally secured at December 31, 2011.

At December 31, 2011, the City's carrying amount of deposits was \$15,526,049 and the bank balance was \$15,770,971. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$756,261 was covered by federal depository insurance, \$14,506,951 was collateralized with securities held by pledging financial institutions' agents in the City's name, and the balance of \$507,759 was secured with a letter of credit.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments at December 31, 2011.

Compensated Absences

Vacation

The City's policy regarding vacation for all regular full-time employees is as follows:

<u>Years Worked</u>	<u>Amount Earned</u>
0-1	3.33 hours/month
2-9	6.67 hours/month
10-14	10.00 hours/month
15-29	10.00 hours/month (plus 1 day for each year over 15 years)
30 and over	20.00 hours/month

Vacation earned may not be taken until the employee completes one full year of continuous service. Unused vacation may not be carried over to the following year.

Discretionary Leave

Each employee, after the completion of their probationary period, shall be entitled to two days discretionary leave.

CITY OF PRATT, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick Leave

The City's policy for sick leave permits all full-time employees to earn sick leave at the rate of eight working hours per calendar month. Employees retiring from the service of the City shall be compensated for unused sick leave at the following rate:

1. Employees retiring who have served the City for less than five continuous years shall receive no compensation for unused sick leave.
2. Employees retiring from the City who have served five or more continuous years and who have a minimum of 50 days of unused accumulated sick leave will be compensated at their hourly rate for up to a maximum of 20 days.

A potential liability for accumulated vacation, sick leave and discretionary leave is shown on the schedule of long-term debt.

Defined Benefit Pension Plan

Plan Description

The City contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for calendar year 2011 was 7.74% and 14.42% for KPERS retirees. The City's employer contributions to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$310,216, \$281,229, and \$204,499, respectively, equal to the required contributions for each year as set forth by the legislature.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

CITY OF PRATT, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the trust and agency funds of the City for special purposes.

Reimbursements

The City records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparison, the expenditures (or expenses) are properly offset by the reimbursements.

NOTE 2 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Pratt, Kansas'** interfund transfers and statutory authority for the year ended December 31, 2011 were as follows:

From	To	Statutory Authority	Amount
General Fund	Capital Equipment Reserve Fund	K.S.A. 12-1,117	\$ 102,000
General Fund	Capital Improvement Fund	K.S.A. 12-1,118	43,000
General Fund	Special Street Reserves Fund	K.S.A. 12-197	250,000
Cemetery Fund	Capital Equipment Reserve Fund	K.S.A. 12-1,117	2,500
Special Highway Fund	Capital Equipment Reserve Fund	K.S.A. 12-1,117	30,000
Fire Fighting Equipment Fund	Fire Fighting Equipment Reserve Fund	K.S.A. 12-1,117	41,000
Electric Utility Fund	Capital Equipment Reserve Fund	K.S.A. 12-1,117	640,400
Electric Utility Fund	Capital Improvement Fund	K.S.A. 12-1,117	120,000
Electric Utility Fund	Electric Debt Service Fund	K.S.A. 12-1,117	1,119,563
Electric Utility Fund	General Fund	K.S.A. 12-825d	685,000
Electric Utility Fund	Electric Maintenance Reserve Fund	K.S.A. 12-1,117	50,000
Sanitation Fund	Capital Equipment Reserve Fund	K.S.A. 12-1,117	30,000
Sanitation Fund	General Fund	K.S.A. 12-825d	50,000
Wastewater Treatment Fund	Capital Equipment Reserve Fund	K.S.A. 12-1,117	43,000
Water Utility Fund	Capital Equipment Reserve Fund	K.S.A. 12-1,117	33,000
Water Utility Fund	Bond and Interest Fund	K.S.A. 12-1,117	25,400
Water Utility Fund	Water Debt Service Fund	K.S.A. 12-825d	164,835
Alcohol and Drug Safety Fund	General Fund	Commission Approved	6,425

CITY OF PRATT, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 3 – CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	Project Authorization	Cash Disbursements and Accounts Payable To Date
Main Street Project	\$ 718,991	\$ 718,991
Wastewater Project	2,118,200	65,377

NOTE 4 – LITIGATION

City of Pratt, Kansas is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

NOTE 5 – RISK MANAGEMENT

City of Pratt, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, automobile, umbrella, linebacker, workers compensation, fidelity, and employee benefit. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 6 – GRANTS AND SHARED REVENUES

City of Pratt, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 7 – COMPARATIVE DATA

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in **City of Pratt, Kansas'** cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

NOTE 8 – RELATED PARTY TRANSACTIONS

During 2011, the City purchased printing services from Taylor Printing and supplies and materials from Skaggs Ace Hardware totaling \$24,766 and \$25,915, respectively. Owners of each business are City Commissioners.

CITY OF PRATT, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 9 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

City of Pratt, Kansas had outstanding payroll checks of more than one year, which is a violation of K.S.A. 58-3935.

NOTE 10 – DEBT RESTRICTIONS AND COVENANTS

KDHE Water Pollution Control Revolving Loans

City of Pratt, Kansas entered into a loan agreement with the Kansas Department of Health and Environment to fund improvements to the wastewater treatment plant in the amount of \$1,810,689. The City also entered into a loan agreement for wastewater and sludge system improvements in the amount of \$1,642,000, which is the estimated project cost as of December 31, 2011. The City is in compliance with both loans as of December 31, 2011.

KDHE Water Supply Loan

City of Pratt, Kansas entered into a loan agreement with the Kansas Department of Health and Environment to fund improvements to the main street waterline in the amount of \$720,793. The City is in compliance as of December 31, 2011.

Net Operating Revenue Requirements

The 2005 General Obligation Electric Utility System and the 2009 Series B General Obligation Water Utility System refunding bonds require that the City will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the system and will produce revenues sufficient to enable the City to have in each year, a debt coverage ratio of not less than 1.25 on all parity bonds and parity obligations at the time outstanding; and 1.10 on any subordinate lien bonds. The City was not in compliance with the 2005 bond requirement as of December 31, 2011 as the debt service ratios were as follows:

2005 General Obligation Electric Utility System Refunding Bonds

Gross Revenues		\$ 9,523,514
Less Operating Expenses		(11,327,594)
Add Back Transfers Included in Operating Expenses		<u>2,614,963</u>
Net Revenues		810,883
Maximum Amount of Principal and Interest	1,119,563	
	<u>125%</u>	
Net Revenues Required		<u>1,399,454</u>
Excess		\$ (588,571)
Debt Ratio (Net Revenues/Net Revenues Required)		<u>.5794</u>

2009 General Obligation Water Utility System Refunding Bonds

Gross Revenues		\$ 960,761
Less Operating Expenses		(942,955)
Add Back Transfers Included in Operating Expenses		<u>223,235</u>
Net Revenues		241,041
Maximum Amount of Principal and Interest	25,400	
	<u>110%</u>	
Net Revenues Required		<u>27,940</u>
Excess		\$ 213,102
Debt Ratio (Net Revenues/Net Revenues Required)		<u>8.63</u>

CITY OF PRATT, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 11 – CONDUIT DEBT

From time to time, the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are generally payable from and secured by the project financed and if needed, additional assets or revenues of the private-sector entities serviced by the bond issuance. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2011 there were two industrial revenue bonds outstanding. One is for a commercial feedyard facility and the other is for a housing development. The principal amounts payable at December 31, 2011 totaled \$4,228,481.

NOTE 12 – LONG-TERM DEBT

City of Pratt, Kansas has the following types of long-term debt.

General Obligation Bond

On September 1, 2005, the City issued \$11,165,000 in Electric Utility System Refunding Bonds - Series 2005, for the purpose of refunding \$2,840,000 in Electric Utility System Refunding Bonds, Series 1997 and \$8,500,000 in Electric Utility System Bonds, Series 2001-1 bonds. Also, the available monies were used to defease \$1,410,000 in Electric Utility System Refunding and Improvement Revenue Bonds, Series 1992.

On July 21, 2009, the City issued Series A 2009 and Series B 2009 general obligation refunding bonds of \$2,390,000 and \$730,000, respectively, for the purpose of refunding \$805,000 in Series 1998 General Obligation Bonds, \$1,500,000 in Series A 2001 General Obligation Bonds, and \$729,094 in Series 2002 Water Utility System Revenue Bonds.

Revenue Bond

On September 6, 2006, the City issued \$1,205,000 in Water Series 2006 revenue bonds to advance refund \$730,000 of Water Utility System Revenue Bonds, Series 2002.

KDHE Revolving Loan

The City entered into a \$1,909,000 revolving loan agreement on March 17, 1998 with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to finance wastewater treatment improvements. This loan was amended on November 28, 2007 to reduce the amount of the loan to \$1,810,689 and changing the semi-annual payment from \$64,221 to \$57,924.

The City entered into a \$1,292,927 revolving loan agreement on December 22, 2008 with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to finance main street waterline improvements. This loan was amended on July 13, 2011 to reduce the amount of the loan to \$720,793 and changing the semi-annual payment from \$47,971 to \$23,062.

The City entered into a \$1,642,000 revolving loan agreement on October 2, 2010 with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to finance wastewater and sludge system improvements. As of December 31, 2011, \$85,272 has been advanced on the loan as the project is not complete at year end.

CITY OF PRATT, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 12 – LONG-TERM DEBT (continued)

KDOT Revolving Loan

The City obtained a loan from the Kansas Department of Transportation on December 20, 2004 and received total loan proceeds in the amount of \$437,954. These proceeds were used to finance the Fincham and 10th street projects.

Lease Obligations

The City has entered into a lease agreement with an option to purchase at the expiration of the lease terms. The lease contains a fiscal funding clause.

Bond Refunding

On September 1, 2005, the City issued general obligation bonds of \$11,165,000 (par value) Electric Refunding Series 2005 with an interest rate of 2.875 - 5.0% to advance refund term bonds. One set of refunded bonds had an interest rate of 6.60% and a par value of \$1,410,000. The second set of refunded bonds had interest rates from 3.75 - 5.00%, a par value of \$2,840,000, and are callable on November 1, 2005. The third set of refunded bonds had interest rates of 3.0 - 5.25%, a par value of \$8,500,000, and are callable on May 1, 2010. The general obligation bonds were issued at a premium and, after paying issuance costs, the net proceeds were \$11,134,089. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. Government Securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the City's financial statements.

On September 6, 2006, the City issued revenue bonds of \$1,205,000 (par value) Water Series 2006 with an interest rate of 4.375 - 4.75% to advance refund term bonds. One set of refunded bonds had an interest rate of 2.30 - 2.950% and a par value of \$335,000. The second set of refunded bonds had interest rates from 3.10 - 3.50%, a par value of \$395,000, and are callable on October 1, 2008. The revenue bonds were issued at premium and, after paying issuance costs, the net proceeds were \$1,165,837. The net proceeds from the issuance of the revenue bonds were used to purchase U.S. Government Securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the City's financial statements. The result of the advance refunding did not result in an economic gain to the City.

On July 15, 2009, the City issued Series A general obligation refunding bonds of \$2,390,000 (par value) with an interest rate of 2.50 - 3.00% to advance refund term bonds. The Series A refunding bonds mature on September 1, 2016, and are callable on September 1, 2015. The Series A bonds were issued at a premium and, after paying issuance costs of \$57,849, the net proceeds were \$2,353,066. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. Government Securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the City's financial statements. As a result of the advance refunding, the economic gain to the City (difference between the present value of the debt service payments on the old and new debt) was \$90,480.

CITY OF PRATT, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 12 – LONG-TERM DEBT (continued)

On July 15, 2009, the City issued Series B general obligation refunding bonds of \$730,000 (par value) with an interest rate of 2.50 – 3.25% to advance refund term bonds. The Series B refunding bonds mature on September 1, 2017, and are callable on September 1, 2015. The Series B bonds were issued at a discount, and, after paying issuance costs of \$13,820, the net proceeds were \$716,180. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. Government Securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the City's financial statements. As a result of the advance refunding, the economic gain to the City (difference between the present value of the debt service payments on the old and new debt) was \$36,787.

CITY OF PRATT, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 12 - LONG-TERM DEBT (continued)

Changes in long-term liabilities for the City for the year ended December 31, 2011, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Series 2005 Electric Refunding	2.875 - 5.00%	09/2005	\$ 11,165,000	2018	\$ 7,490,000	-	815,000		6,675,000	304,563
Series A 2009 Refunding	2.50 - 3.00%	07/2009	2,390,000	2016	1,710,000	-	350,000		1,360,000	44,350
Series B 2009 Refunding	2.50 - 3.25%	07/2009	730,000	2017	725,000	-	5,000		720,000	20,400
Revenue Bonds										
Water Utility System Revenue Bonds - Series 2006	4.375 - 4.75%	09/2006	1,205,000	2016	860,000	-	125,000		735,000	39,835
KDHE Loans										
Kansas Water Pollution Control Revolving Project No. C20 1436 01	3.07%	03/1998	1,810,689	2019	904,982	-	88,742		816,240	24,900
Kansas Water Supply Loan Fund Project No. 2528	3.82%	12/2008	720,793	2030	170,858	502,659	82,889		590,628	11,958
Kansas Water Pollution Control Revolving Project No. C20 1799 01	2.45%	10/2010	1,642,000	2031	-	85,272	-		85,272	572
KDOT Loan										
Kansas Transportation Revolving Loan Fund - TR-0011	3.87%	12/2004	437,954	2014	144,103	-	62,609		81,494	5,217
Capital Lease Payable										
Fire Truck	4.45%	12/2001	189,975	2011	21,420	-	21,420		-	953
Total Contractual Indebtedness					12,026,363	587,931	1,550,660		11,063,634	452,748
Compensated Absences					131,917			(12,892)	119,025	
Total Long-Term Debt					<u>\$ 12,158,280</u>	<u>587,931</u>	<u>1,550,660</u>	<u>(12,892)</u>	<u>11,182,659</u>	<u>452,748</u>

CITY OF PRATT, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 12 - LONG-TERM DEBT (continued)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	YEAR								Total
	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-2032	
Principal									
General Obligation Bonds	\$ 1,210,000	1,365,000	1,260,000	1,300,000	1,350,000	2,270,000	-	-	8,755,000
Revenue Bonds	135,000	140,000	145,000	155,000	160,000	-	-	-	735,000
KDHE Loans	135,723	140,020	160,513	124,825	128,962	474,829	178,498	148,770	1,492,140
KDOT Loan	65,032	16,462	-	-	-	-	-	-	81,494
Total Principal	1,545,755	1,661,482	1,565,513	1,579,825	1,638,962	2,744,829	178,498	148,770	11,063,634
Interest									
General Obligation Bonds	33,950	291,025	243,775	199,763	149,838	132,838	-	-	1,051,189
Revenue Bonds	34,210	28,068	21,627	14,885	7,600	-	-	-	106,390
KDHE Loans	80,733	76,799	39,738	34,069	30,272	94,708	47,746	9,047	413,112
KDOT Loan	2,950	595	-	-	-	-	-	-	3,545
Total Interest	151,843	396,487	305,140	248,717	187,710	227,546	47,746	9,047	1,574,236
Total Principal and Interest	\$ 1,697,598	2,057,969	1,870,653	1,828,542	1,826,672	2,972,375	226,244	157,817	12,637,870